

2013

ANNUAL REPORT



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1. INTRODUCTION BY CEO

Dear ladies and gentlemen,

Let me acquaint you with the business activities of EP ENERGY TRADING, a.s. ("the Company") in 2013 and its plans for 2014.

In 2013 we achieved and exceeded the planned volumes of gas and electricity supplied to end customers, thus confirming the effectiveness of our sales strategy owing to which the number of customers significantly increased, especially the number of small (low-consumption) consumers.

EP ENERGY TRADING, a.s. as the successor company merged with První energetická, a.s. effective from 1 January 2013. As a result, we can now carry out purchases of electricity for our end customers by ourselves, thus optimising the entire procurement process. The merger also helped reduce operating expenses and financing costs.

In the first half of 2013 the Company completed the implementation of a customer information system to service customers in Slovakia.

The growing number of customers has increased the requirements placed on our employees and their work efficiency. In addition to our goal to further increase the number of customers from the household segment, we also see our priority in the optimisation of intra-company processes.

We know that we can achieve excellent and long-term financial results and successfully hold our position in the struggle among competitors only if we continue to apply a basic principle which is the continuous enhancement of loyalty and satisfaction of our customers, business partners and employees. Therefore I would like to take this opportunity to thank all of them for their cooperation.

Prague, 12 September 2014



Ing. Petr Švec, MBA

CEO of EP ENERGY TRADING, a.s.

2. GENERAL INFORMATION

Company name: EP ENERGY TRADING, a.s.

Registered office: Prague – Prague 1, Klimentská 1216/46, postal code 110 02

ID No.: 273 86 643

Tax ID No.: CZ27386643

Record in the Commercial Register: Municipal Court in Prague, section B, insert 10233

Tel.: +420 255 707 090

Fax: +420 255 707 091

Email: info@epet.cz

Internet: www.epet.cz

Customer Service Centre: Švihovská 8, Pilsen, postal code 301 00

Tel.: +420 255 707 099

Registered branch: EP ENERGY TRADING, a.s., organizačná zložka

Registered office: Pribinova 25, Bratislava, postal code 811 09, Slovakia

ID No.: 366 82 071

Sole shareholder:

EP Energy, a.s.

Registered office: Příkop 843/4, Brno, postal code 602 00

ID No.: 292 59 428

Company profile

EP ENERGY TRADING, a.s., a joint-stock company, is a reliable supplier of electricity and gas to households, businesses and large (high-consumption) customers in the Czech Republic and Slovakia.

It offers a professional approach, quick and open communication, top-quality services, and attractive and competitive prices. It is a respectable alternative to all dominant suppliers of energy.

Another business activity is trading with electricity and gas on the wholesale market.

The Company is part of the EP ENERGY group, which is the major supplier of heat and the second largest producer of electricity in the Czech Republic. Owing to the economic power of the Company's owner, who utilises its own energy sources, EP ENERGY TRADING, a.s. represents a stable partner offering one of the best price arrangements on the market and the certainty that contractual obligations will be met.

Selected indicators

	2013
Sales	CZK 22 209 mil.
Operating profit or loss	CZK -13 mil.
Profit or loss before tax	CZK -196 mil.
Total assets	CZK 4 549 mil.
Equity	CZK 431 mil.

3. DIRECTORS' REPORT ON THE COMPANY'S BUSINESS ACTIVITIES AND THE STATE OF ITS ASSETS

All information has been processed in compliance with Czech Accounting Standards.

Results of operations for 2013

EP ENERGY TRADING, a.s. reported sales of CZK 22.2 billion and the result before tax of CZK -195.79 million for the 2013 accounting period. The main reasons for the recognised loss were the revaluation of commodity derivatives held for trading with electricity (without an impact on cash) and the creation of an adjustment to receivables from one of the major business partners.

Principal business activities in 2013

The principal business activities were the sale of electricity and gas to end customers in the Czech Republic and Slovakia and the trade of electricity and gas on the wholesale market.

Electricity

Total sales of electricity in GWh to end customers were 1 822 GWh in the Czech Republic and 255 GWh in Slovakia. Electricity supplies in Slovakia were carried out through EP ENERGY TRADING, a.s., organizačná zložka.

Electricity was purchased via an internal division, Electricity Trading, having the exclusive position in the purchase and sale of electricity from the group's production resources and in the procurement of electricity for end customers of EP ENERGY TRADING, a.s. This division is also engaged in cross-border trading, especially in the Central Europe region.

In 2013 the Company purchased and sold 12 530 GWh of electricity.

Natural gas

In 2013 the Company delivered 2 106 GWh of natural gas to end customers in the Czech Republic and purchased and sold 4 289 GWh of this commodity.

Development plans

The main goal for 2014 is to maintain current market positions in the sale of electricity and gas and increase sales to households. The Company intends to maintain profitability in supplying energy to end customers despite heavy competition in the market and the Company's prudent approach to risk.

EP ENERGY TRADING, a.s. will continue to strengthen the relationship with its partners and develop business relationships with new parties. The Electricity Trading division aims to increase trading activities within the region.

Considering intra-company developments, the Company will focus on the optimisation of internal processes and on the enhancement of quality of service provided to end customers.

Research and development

The Company does not carry out any research and development activities.

Environmental protection and labour-law relations

The Company proceeds in an environment-friendly manner when handling consumable materials.

Labour-law relations are governed by the Labour Code.

Material subsequent events

No material events have occurred between the date of signing the annual report and the date of financial statements.

Prague, 12 September 2014



Ing. Petr Švec, MBA
Member of the Board of Directors



Ing. Ladislav Sladký
Member of the Board of Directors

4. REPORT ON RELATIONS BETWEEN RELATED PARTIES

The board of directors of EP ENERGY TRADING, a.s., with its registered office in Prague – Prague 1, Klimentská 1216/46, postal code 110 02, has prepared this report on relations between the controlled person, direct or indirect controlling persons and other persons controlled by the same controlling person for the period from 1 January 2013 to 31 December 2013 in compliance with Section 66a (9) of Act No. 513/1991 Coll., the Commercial Code, as amended.

The entity exercising direct control over the Company in the accounting period from **1 January 2013 to 31 December 2013** was **EP Energy, a.s.**, with its registered office in Brno, Příkop 843/4, postal code 602 00.

In the given period, EP Energy, a.s. as the direct controlling person was the holder of 15 shares of the controlled person, representing 100% of the registered capital and the corresponding share in the voting rights.

I. Controlled person

EP ENERGY TRADING, a.s., with its registered office in Prague - Prague 1, Klimentská 1216/46, postal code 110 02, ID No. 273 86 643, recorded in the Commercial Register kept by the Municipal Court in Prague, section B, insert 10233 on 31 October 2005.

II. Controlling person

a) Direct control

EP Energy, a.s., with its registered office in Brno, Příkop 843/4, postal code 602 00, ID No. 292 59 428, recorded in the Commercial Register kept by the Regional Court in Brno, section B, insert 6278 on 16 December 2010.

b) Indirect control

The entity exercising indirect control in the period from 1 January 2013 to 31 December 2013 was **Energetický a průmyslový holding, a.s.**, with its registered office in Brno, Příkop 843/4, postal code 602 00, ID No. 283 56 250, recorded in the Commercial Register kept by the Regional Court in Brno, section B, insert 5924 on 10 August 2009.

III. Contracts concluded between related parties in 2013

Contracts concluded in 2013 between the controlled person, direct or indirect controlling persons and persons controlled by the same controlling person were as follows.

- (1) A contract on keeping accounting records with Alternative Energy, s.r.o. dated 2 January 2013.
- (2) A contract on keeping accounting records with ARISUN, s.r.o. dated 2 January 2013.
- (3) A contract on keeping accounting records with Triskata, s.r.o. dated 2 January 2013.
- (4) A contract on keeping accounting records with AISE, s.r.o. dated 2 January 2013.
- (5) A loan contract with EP Energy, a.s. dated 17 January 2013.

- (6) A loan contract with EP Energy, a.s. dated 31 May 2013.
- (7) An agreement to terminate a contract for the lease of non-residential premises with EP Investment Advisors, s.r.o. dated 8 June 2013.
- (8) A contract on delivery of electricity for 2014 with ENERZET a.s. dated 14 June 2013.
- (9) A contract for the composite low-voltage electricity supply services for 2014 with Pražská teplárenská a.s. dated 28 June 2013.
- (10) A contract for the composite high-voltage electricity supply services for 2014 with Pražská teplárenská a.s. dated 28 June 2013.
- (11) An agreement to extend the due date of a receivable with EP Energy, a.s. dated 22 July 2013.
- (12) A contract for the composite gas supply services for 2014 with Plzeňská energetika, a.s. dated 25 September 2013.
- (13) Annex no. 1 to the loan contract with EP Energy, a.s. dated 18 October 2013.
- (14) A contract for the composite gas supply services for 2014 with United Energy, a.s. dated 14 October 2013.
- (15) Annex no. 1 to the loan contract with EP Energy, a.s. dated 18 October 2013.
- (16) A loan contract with EP Energy, a.s. dated 15 November 2013.
- (17) A contract for the payment of shares in expenses with EP Energy, a.s. dated 29 November 2013.
- (18) A contract for the purchase of electricity in 2014 with POWERSUN, a.s. dated 26 November 2013.
- (19) A contract for the composite electricity supply and distribution services for 2014 with Alternative Energy, s. r. o. dated 16 December 2013.
- (20) A contract for the composite high-voltage electricity supply services for 2014 with VTE Pchery, s. r. o. dated 31 December 2013.

IV. Other legal acts made in the interest of related parties

During the accounting period no legal acts were made in favour of direct and indirect controlling persons or persons controlled by the same controlling person which would exceed the extent of regular legal acts performed within the scope of the rights pertaining to the controlled person's shareholder.

V. Other measures adopted in the interest or at the initiative of related parties

During the accounting period no measures were adopted or implemented in the interest or at the initiative of direct and indirect controlling persons or persons controlled by the same controlling person which would exceed the extent of regular measures taken by the controlled person in relation to the controlling person as the controlled person's shareholder.

VI. Goods, products, services and other types of performance provided or received by the controlled person

During the accounting period the controlled person provided the direct or indirect controlling person and persons controlled by the same controlling person with the following goods, products and services in return for the following payments (stated in full thousands of Czech crowns):

Related party	Goods, products, services and other types of performance	Revenues in TCZK	Expenses in TCZK
EP Investment Advisors, s.r.o.	Interest expense	0	0
	Lease	100	0
	Total	100	0
AISE, s.r.o.	Advisory and other services	107	140
Pražská teplárenská a.s.	Revenue from goods	28 043	0
	Cost of goods sold	0	22 531
	Other services	131	0
	Total	28 174	22 531
Plzeňská energetika a.s.	Revenue from goods	2 824	0
	Cost of goods sold	0	225 697
	Other services	665	0
	Total	3 489	225 697
VTE Pchery, s.r.o.	Revenue from goods	366	0
	Cost of goods sold	0	4 117
	Total	366	4 117
United Energy, a.s.	Revenue from goods	220 127	0
	Cost of goods sold	0	1 205 973
	Other services	3 038	180
	Total	223 165	1 206 153
POWERSUN a.s.	Revenue from goods	207	0
	Cost of goods sold	0	3 435
	Total	207	3 435
Triskata, s.r.o.	Other services	91	0
ENERGZET, a.s.	Revenue from goods	4 768	0
Energetický a průmyslový holding, a.s.	Fees for guarantees	0	2 796
Alternative Energy, s.r.o.	Revenue from goods	402	0
EP Energy, a.s.	Interest expense	0	44 995
	Fees for guarantees	0	3 930
	Total	0	48 925
ARISUN, s.r.o.	Other services	91	0

Related party	Goods, products, services and other types of performance	Revenues in TCZK	Expenses in TCZK
Elektrárny Opatovice, a.s.	Revenue from goods	502 510	0
	Cost of goods sold	0	1 116 855
	Other services	3 476	0
	Total	505 986	1 116 855
Slovenský plynárenský priemysel, a.s.	Revenue from goods	2 746	0
	Total	29 000	42 058
Stredoslovenská energetika, a.s.	Revenue from goods	29 000	0
	Cost of goods sold	0	42 058
	Total	29 000	42 058

VII. Damage incurred by the controlled person and the manner of its settlement

The controlled person did not incur any damage or receive any advantage relating to its property as a result of the above contracts, any other legal acts, any other measures, or any other goods, products, services or other types of performance provided or received including any related counter-performance.

VIII. Confidentiality

The organisation treats as confidential the information and facts that are part of the business secret held by the controlling persons, controlled person and other related parties as well as the information that has been designated as confidential by any of those related parties. In addition to this, all information deriving from business relations that may on its own or in connection with other information lead to damage to any related party is also deemed confidential.

To prevent any damage to the controlled person, this report does not contain any confidential information pursuant to Section 51 of Act No. 513/1991 Coll., the Commercial Code, as amended.

IX. Conclusion

This report has been prepared by EP ENERGY TRADING, a.s. and has been submitted for review to the supervisory board and to an auditor. Since the controlled person is obligated by law to prepare an annual report, the report on relations will constitute part of the annual report.

The annual report will be filed in the Collection of Deeds kept by the Municipal Court in Prague.

Prague, 16 March 2014



Ing. Petr Švec, MBA
Member of the Board of Directors



Ing. Ladislav Sladký
Member of the Board of Directors

5. SUPERVISORY BOARD'S REPORT ON SUPERVISORY ACTIVITIES

In 2013 the supervisory board of EP ENERGY TRADING, a. s. fulfilled its tasks and duties in compliance with the Commercial Code and the Company's articles of association.

At its meetings the board regularly monitored the Company's results of operations and the state of its assets and reviewed the analyses of the Company's financial performance. It also examined whether the board of directors had been meeting the tasks allocated to it by the general meeting, i.e. in the form of a decision of the sole shareholder exercising the powers of a general meeting, and whether the Company had adhered to generally accepted legal regulations and its articles of association.

During the course of 2013 the supervisory board proceeded in accordance with the articles of association and generally accepted legal regulations applicable to joint-stock companies. During the given period it focused on its primary tasks, which are the supervision over the performance of the board of directors and the examination of the annual financial statements and the distribution of profit.

To act in the interest of the Company's shareholder, the board also reviewed, on an ongoing basis, the Company's financial results, business plans and resolutions deriving from ordinary general meetings. It also helped the board of directors in fulfilling the Company's development strategy.

The board of directors provided all necessary materials, information and explanations to the supervisory board. The supervisory board did not discover any violations of the articles of association and effective legislation with respect to the performance of the board of directors.

Prague, 12 June 2014



Mgr. Michal Antonín
Chairman of the Supervisory Board

6. FINANCIAL STATEMENTS UNDER CZECH ACCOUNTING STANDARDS



BALANCE SHEET in full format as at 31 December 2013
(in thousands of Czech Crowns “TCZK”)

Ident.		ASSETS	Current period			Prior period
a		b	Gross 1	Adjust. 2	Net 3	Net 4
		TOTAL ASSETS	4 774 537	-225 389	4 549 148	4 070 671
B.		Fixed assets	44 729	-25 508	19 221	22 182
	I.	Intangible fixed assets	36 149	-21 071	15 078	15 453
	1.	Incorporation expenses	252	-252		
	3.	Software	35 897	-20 819	15 078	15 129
	7.	Intangible fixed assets under construction				324
	II.	Tangible fixed assets	8 580	-4 437	4 143	5 929
	2.	Buildings	5 334	-2 836	2 498	3 895
	3.	Plant and equipment	3 246	-1 601	1 645	2 034
	III.	Long-term investments				800
	2.	Equity investments – associated companies				800
C.		Current assets	4 720 580	-199 881	4 520 699	4 040 320
	I.	Inventories	5 373		5 373	6 925
	1.	Raw materials	5 373		5 373	6 925
	II.	Long-term receivables	260 323	-5 968	254 355	205 870
	2.	Receivables - group undertakings				4 801
	5.	Long-term advances paid	216 692	-5 968	210 724	171 531
	7.	Other receivables	24 239		24 239	
	8.	Deferred tax asset	19 392		19 392	29 538
	III.	Short-term receivables	3 894 899	-193 913	3 700 986	3 513 586
	1.	Trade receivables	2 731 042	-175 105	2 555 937	2 529 470
	6.	Tax receivables	162 519		162 519	215 149
	7.	Short-term advances paid	298 356		298 356	152 880
	8.	Estimated receivables	552 624		552 624	494 243
	9.	Other receivables	150 358	-18 808	131 550	121 844
	IV.	Short-term financial assets	559 985		559 985	313 939
	1.	Cash	79		79	113
	2.	Bank accounts	559 906		559 906	313 826
D.	I.	Deferrals	9 228		9 228	8 169
	1.	Prepaid expenses	9 228		9 228	8 168
	3.	Accrued revenues				1

Ident.		LIABILITIES	Current period	Prior period
a		b	5	6
		TOTAL LIABILITIES AND EQUITY	4 549 148	4 070 671
A.		Equity	431 261	637 629
	I.	Registered capital	15 000	15 000
	1.	Registered capital	15 000	15 000
	II.	Capital contributions	-28 210	
	3.	Revaluation of assets and liabilities	-28 210	
	III.	Reserve funds, undistributable fund and other funds from profit	3 116	3 116
	1.	Statutory reserve fund / Undistributable fund	3 116	3 116
	IV.	Retained earnings	649 900	619 513
	1.	Retained profits	649 900	619 513
	V.	Profit (loss) for the current period	-208 545	
B.		Liabilities	3 820 833	3 343 999
	I.	Provisions	346	185
	4.	Other provisions	346	185
	II.	Long-term liabilities	762 946	440 736
	2.	Liabilities - group undertakings	607 780	372 352
	5.	Long-term advances received	142 745	68 384
	9.	Other payables	12 421	
	III.	Short-term liabilities	3 057 541	2 854 521
	1.	Trade payables	1 860 629	2 037 989
	2.	Liabilities - group undertakings	440 469	188 468
	5.	Payables to employees	5 638	8 163
	6.	Payables to social security and health insurance	2 363	2 696
	7.	Tax liabilities and subsidies	9 044	8 085
	8.	Short-term advances received	431 366	455 088
	10.	Estimated payables	241 070	145 605
	11.	Other payables	66 962	8 427
	IV.	Bank loans and overdrafts		48 557
	2.	Short-term bank loans		48 557
C.	I.	Accruals	297 054	89 043
	1.	Accrued expenses	297 054	88 993
	2.	Deferred revenues		50

**INCOME STATEMENT classification by nature for the year ended
31 December 2013 (in thousands of Czech crowns "TCZK")**

Ident.			TEXT	Accounting period	
a			b	Current 1	Prior 2
	I.		Revenue from goods	22 127 075	
A.			Cost of goods sold	21 890 234	
	+		Gross profit	236 841	
	II.		Revenue from production	81 531	
	II.	1.	Revenue from own products and services	81 531	
B.			Cost of sales	100 994	
B.1.			Materials and consumables	3 429	
B.2.			Services	97 565	
	+		Added value	217 378	
C.			Personnel expenses	53 727	
C.1.			Wages and salaries	38 775	
C.2.			Remuneration of board members	1 620	
C.3.			Social security and health insurance expenses	12 580	
C.4.			Social expenses	752	
D.			Taxes and charges	1 234	
E.			Depreciation of intangible and tangible fixed assets	13 721	
	III.		Proceeds from disposals of fixed assets and raw material	140	
	III.	1.	Proceeds from disposals of fixed assets	140	
G.			Change in provisions and adjustments relating to operating activity and change in complex prepaid expenses	136 504	
	IV.		Other operating revenues	18 512	
H.			Other operating expenses	44 020	
	*		Operating profit (loss)	-13 176	
	VI.		Proceeds from sale of securities and ownership interests	5 476	
J.			Securities and ownership interests sold	800	
	IX.		Revenue from revaluation of securities and derivatives	226 689	
L.			Expenses for revaluation of securities and derivatives	345 162	
	X.		Interest revenue	861	
N.			Interest expense	45 834	
	XI.		Other financial revenues	376 580	
O.			Other financial expenses	400 422	
	*		Profit (loss) from financial operations	-182 612	
Q.			Income tax on ordinary profit (loss)	12 757	
Q.1.			- current	3 124	
Q.2.			- deferred	9 633	
	**		Profit (loss) on ordinary activities after tax	-208 545	
	***		Profit (loss) for the accounting period	-208 545	
	****		Profit (loss) before tax	-195 788	

NOTES TO THE CZECH STATUTORY FINANCIAL STATEMENTS (non-consolidated) for the year ended 31 December 2013 (in thousands of Czech crowns “TCZK”)

1. Description and principal activities

Establishment and description of the Company

EP ENERGY TRADING, a.s. (“the Company”) was registered on 31 October 2005 as United Energy Trading, a.s. It is a company specialising in electricity trading, sale of electricity, natural gas and related services to end users in the Czech Republic and Slovakia.

Ownership structure

The sole shareholder of the Company as at 31 December 2013 was:

EP Energy, a.s.
Příkop 843/4
602 00 Brno
Česká republika

Registered office

EP ENERGY TRADING, a.s.
Klimentská 1216/46
110 02 Praha – Praha 1
Česká republika

Identification number

273 86 643

Members of the board of directors and supervisory board as at 31 December 2013

Members of the board of directors	Members of the supervisory board
Miodrag Maksimovič (Chairman)	Mgr. Michal Antonín (Chairman)
Ing. Petr Švec, MBA	Mgr. Lenka Marečková
Ing. Ladislav Sladký	Mgr. Ing. Jiří Nováček

Changes in the Commercial Register

In 2013, following changes in the board of directors and supervisory board were made:

- on 31 December 2012, František Čupr ended as the chairman of the board of directors; this change was recorded in the Commercial Register as at 6 February 2013,
- on 1 January 2013; Miodrag Maksimovič was appointed as the chairman of the board of directors; this change was recorded in the Commercial Register as at 6 February 2013,
- on 15 June 2013, the entry of the membership of Petr Švec was deleted from and re-recorded in the Commercial Register,
- on 6 October 2013, the entry of the membership of Jiří Nováček was deleted from and re-recorded in the Commercial Register.

On 24 June 2013, the Company's principal business activities were extended by accounting consulting, bookkeeping and tax accounting.

On 1 January 2013, EP ENERGY TRADING, a.s., ID: 273 86 643 merged with První energetická a.s., ID: 618 60 948. The assets and liabilities of the dissolving company První energetická a.s. were transferred to the successor company EP ENERGY TRADING, a.s. as a result of merger by acquisition. This change was recorded in the Commercial Register as at 1 January 2013.

Branch

The Company has a branch EP ENERGY TRADING, a.s., organizační složka, with its registered office at Pribinova 25, Bratislava 811 09, ID: 366 82 071, which was recorded in the Slovak Commercial Register on 3 October 2006. As at 31 December 2013, Ladislav Bekéni and Petr Švec were the managers of the branch.

Organisational structure

The Company is organised into five divisions – Sales and Marketing, Sales Dispatch, Gas Trading, Trading and Finance, which report to the Managing Director.

2. Significant accounting policies applied by the Company

The financial statements have been prepared based on the accounting records kept in compliance with the Act on Accounting and relevant regulations and decrees effective in the Czech Republic.

These financial statements have been prepared in compliance with Decree of the Czech Ministry of Finance No. 500/2002 Coll., implementing certain provisions of Act No. 563/1991 Coll., on Accounting, as amended, for business entities using double-entry bookkeeping.

a) Tangible and intangible fixed assets

Tangible and intangible fixed assets are stated at acquisition cost. Tangible fixed assets costing up to TCZK 40 and intangible fixed assets costing up to TCZK 60 are not recognised in the balance sheet and are expensed in the year that they are acquired.

Assets are depreciated using the following methods over the following periods:

Assets	Method	Period
Incorporation expenses	Straight-line	5 years
Software	Straight-line	3 years
PC equipment	Straight-line	4 years

Technical improvement increases the cost of fixed assets if expenses relating to the improvement of fixed assets or extension of useful life exceed TCZK 40. The Company discloses improvement in leased office premises in caption Buildings. Technical improvement to leased assets is depreciated for the period of the lease agreement.

b) Long term investments

Long term investments comprise investments in group undertakings and associated companies.

Long-term investments are stated at cost, which includes expenses directly incurred in connection with the acquisition, such as fees and commissions paid to brokers, advisors and stock exchanges.

As at the balance sheet date, investments are recognised at acquisition cost, and if a particular investment has been impaired, an adjustment is established.

c) Establishment of adjustments and provisions

Receivables

The Company establishes adjustments for doubtful receivables based on an analysis of the credit status of customers and the ageing structure of receivables.

Provisions

An income tax provision is established as the financial statements are prepared before the tax liability is determined. In the subsequent accounting period, the Company releases this provision and records the actual tax liability determined.

In the balance sheet, the income tax provision is reduced by income tax prepayments, and the net receivable (if any) is recorded in tax receivables.

d) Foreign currency translation

The Company applies the Czech National Bank official rate to foreign currency transactions. During the year foreign exchange gains and losses are only recognised when realised at the time of settlement.

As at the balance sheet date, foreign currency monetary assets and liabilities are translated at the prevailing Czech National Bank official rates. Unrealised foreign exchange gains and losses are recognised in the income statement.

e) Derivatives

Currency derivatives

Effective from 1 January 2013, the Company uses hedging derivatives (currency forwards and swaps) to mitigate foreign exchange risks relating to payments in foreign currencies. Hedging derivatives are recognised at fair value. Hedging fully complies with the Company's risk management strategy. All forward and swap transactions are documented, and their effectiveness is assessed regularly.

As at the balance sheet date, the realised part of financial derivatives was recognised in the income statement and the unrealised part as "Revaluation of assets and liabilities" in equity, considering the deferred tax effect.

Commodity derivatives

Futures and forwards that have been concluded for the purpose of purchase, sale or use of a commodity, i.e. electrical energy and are expected to be settled by delivery of the commodity do not meet the definition of a derivative and therefore are not revalued at fair value.

Commodity contracts – futures and forwards that are not expected to be settled by the commodity are considered derivatives and are revalued at fair value.

As at the balance sheet date, commodity derivatives held for trading concluded at the PXE, same as derivatives traded with third parties are revalued at fair market value, taking as a basis the closing prices on 31 December 2013 as published by the PXE.

As at 1 January 2013, the Company began to apply hedge accounting to recognition of selected commodity derivatives traded on the PXE in accordance with the internal risk management policy. Hedge accounting is applied in accordance with Czech Accounting Standard No. 110 "Derivatives". As at the balance sheet date, hedging instruments are reported at fair value and gains (losses) on the effective change in their fair values are recognised in "Revaluation of assets and liabilities" in equity, considering the deferred tax effect.

f) Leased assets

Lease payments are expensed on a straight-line basis over the lease term.

g) Income tax

Income tax for the period comprises current tax and the change in deferred tax.

Current tax comprises an estimate of tax payable calculated based on the taxable income, using the tax rate valid as at the first day of the accounting period, and any adjustments to taxes payable for previous periods.

Deferred tax is based on all temporary differences between the carrying and tax value of assets and liabilities, and other temporary differences (tax losses carried forward, if any), multiplied by the tax rate expected to be valid for the period in which the tax liability/asset will be utilised.

A deferred tax asset is recognised only if it is probable that it will be utilised in future accounting periods.

Deferred tax in respect of items that are recorded directly in equity is also recorded in equity.

h) Classification of liabilities

The Company classifies as short-term any part of long-term liabilities, bank loans and overdrafts that is due within one year of the balance sheet date.

i) Accounting records of the branch

The accounts of the branch are maintained separately in Slovakia in EUR. Each day individual journal entries are translated at the Czech National Bank official rates and imported to the accounts of the Czech entity. As at the balance sheet date, assets and liabilities denominated in EUR are translated at the prevailing Czech National Bank official rates. As at the balance sheet date, foreign exchange differences arising from the translation of balance-sheet and profit-and-loss-account items are recorded in the income statement.

j) Values of the previous accounting period

The prior period data presented in the balance sheet is the pro-forma opening balance sheet prepared as at 1 January 2013. The prior period data is not disclosed in the income statement and in the notes to the income statement positions due to incomparability of the data.

3) Fixed assets

a) Intangible fixed assets

	Incorporation expenses	Software	Intangible fixed assets under construction	Total
Acquisition cost				
Balance at 1/1/2013	252	24 618	324	25 194
Additions	--	10 955	--	10 955
Disposals	--	--	--	--
Transfers	--	324	-324	--
Balance at 31/12/2013	252	35 897	--	36 149
Accumulated depreciation				
Balance at 1/1/2013	252	9 489	--	9 741
Depreciation expense	--	11 330	--	11 330
Disposals	--	--	--	--
Balance at 31/12/2013	252	20 819	--	21 071
Net book value 1/1/2013	--	15 129	324	15 453
Net book value 31/12/2013	--	15 078	--	15 078

b) Tangible fixed assets

	Buildings	Plant and equipment	Total
Acquisition cost			
Balance at 1/1/2013	5 061	2 914	7 975
Additions	273	332	605
Disposals	--	--	--
Transfers	--	--	--
Balance at 31/12/2013	5 334	3 246	8 580
Accumulated depreciation			
Balance at 1/1/2013	1 166	880	2 046
Depreciation expense	1 670	721	2 391
Disposals	--	--	--
Transfers	--	--	--
Balance at 31/12/2013	2 836	1 601	4 437
Net book value 1/1/2013	3 895	2 034	5 929
Net book value 31/12/2013	2 498	1 645	4 143

4) Leased assets

The Company has an operating lease for company cars for a period of 36 months from the date of the conclusion of the lease. The annual cost of this lease and lease of a printer for 2013 was TCZK 1 819.

The Company also has an operating lease for office premises in Prague. The annual cost of this lease for 2013 was TCZK 7 229.

5) Non-capitalised tangible and intangible fixed assets

In accordance with the accounting policy described in note 2(a) above, the Company charged low value tangible and intangible fixed assets to the income statement in the year that they were acquired. The cumulative acquisition cost of non-capitalised tangible and intangible fixed assets charged into income statement in the current year was as follows:

	31/12/2013	1/1/2013
Tangible fixed assets	9 790	2 231
Intangible fixed assets (software)	30	236
Total	9 820	2 467

6) Long-term investments

In 2013, EP ENERGY TRADING, a.s. sold its entire ownership interest in COOP ENERGY, a.s. for a purchase price of TCZK 5 476.

In 2013, the Company had no dividend income from long-term investments.

1st January 2013:

Ownership interests	Ownership	Number of shares	Nominal value of share in TCZK	Acquisition cost in TCZK
COOP ENERGY, a.s.	40%	40	20	800

Registered office of the subsidiary as at 1 January 2013:

COOP ENERGY, a.s.

Hvězdova 1716/2b

140 00 Praha 4

7) Inventories

The Company's inventories comprise purchased natural gas totalling TCZK 5 373 (1 January 2013 – TCZK 6 925).

8) Trade receivables and payables

a) Short-term trade receivables total TCZK 2 731 042 (1 January 2013 – TCZK 2 570 050), of which TCZK 513 004 (1 January 2013 – TCZK 548 488) is overdue. An adjustment of TCZK 175 105 (1 January 2013 – TCZK 40 580) was set up at 31 December 2013 for doubtful receivables.

b) Short-term trade payables total TCZK 1 860 629 (1 January 2013 – TCZK 2 037 989), of which TCZK 172 340 (1 January 2013 – TCZK 248 330) is overdue.

9) Advances paid

a) Long-term advances paid total TCZK 216 692 (1 January 2013 – TCZK 177 248). The balance primarily comprises a security deposit for trading on the PXE granted to European Commodity Clearing AG of TCZK 116 912 (1 January 2013 – TCZK 105 166) and a security deposit on electricity trading provided to OKTE, a.s. of TCZK 36 374 (1 January 2013 – TCZK 36 254). An adjustment of TCZK 5 968 (1 January 2013 – TCZK 5 717) was set up at 31 December 2013 for long term advances.

b) Short-term advances paid total TCZK 298 356 (1 January 2013 – TCZK 152 880). The balance primarily comprises advances paid for the distribution of electricity and natural gas. The remaining balance of short-term advances paid includes primarily an advance paid to ČEZ Distribuce, a. s. of TCZK 133 440 (1 January 2013 – TCZK 18 082), an advance paid to RWE Supply & Trading CZ, a.s. of TCZK 95 988 (1 January 2013 – TCZK 0) and an advance paid to RWE GasNet, s.r.o. of TCZK 64 371 (1 January 2013 – TCZK 18 080).

10) Tax receivables

Tax receivables amount to TCZK 162 519 (1 January 2013 – 215 149) and consist of VAT receivable amounting to TCZK 130 216 (1 January 2013 – TCZK 190 702) and advances for corporate income tax of TCZK 32 303 (1 January 2013 – advances amounted to TCZK 44 659 reduced by income tax provision of TCZK 20 212).

11) Estimated receivables

Estimated receivables primarily comprise estimates for uninvoiced distribution and supply of electricity totaling TCZK 347 099 (1 January 2013 – TCZK 356 449) and the distribution and supply of natural gas totaling TCZK 204 443 (1 January 2013 – TCZK 137 242).

12) Other receivables - short-term and long-term

Other receivables primarily comprise revaluation of financial derivatives at fair value as at 31 December 2013 of TCZK 147 346 (1 January 2013 – TCZK 63 815) - see note 13.

13) Derivates

a) Currency derivatives

As at the balance sheet date, the Company held the following derivatives to hedge the following estimated cash flows:

Forward exchange contracts	Due Date	2013 Fair value
Forward contracts (The Royal Bank of Scotland plc, branch)	2014 – 2015	28 612
Forward contracts (Commerzbank Aktiengesellschaft)	2014 – 2016	77 927
Swap contracts (Commerzbank Aktiengesellschaft)	2014 – 2015	40 807
Total		147 346

The fair value of derivatives totals TCZK 147 346 (1 January 2013 – TCZK 63 815), of which TCZK 24 239 (1 January 2013 – TCZK 0) is recorded in other long-term receivables and TCZK 123 107 (1 January 2013 – TCZK 63 815) is recorded in other short-term receivables. Derivatives which meet the condition of effective hedge and the fair value of which totals TCZK 144 609 (1 January 2013 – TCZK 0) are recognised in equity. The remaining balance of the fair value is recognised in profit/loss from financial operations.

b) Commodity derivatives and derivatives held for trading

As at the balance sheet date, the Company held the following forward contracts for trading with electricity:

	Due in	Fair value (TCZK)	Commodity volume (MWh)
Futures and forward contract for purchase of electricity	2014	-928 062	8 041 582
Futures and forward contract for purchase of electricity	2014	722 016	7 355 570
Futures and forward contract for purchase of electricity	2015	-165 179	1 962 240
Futures and forward contract for purchase of electricity	2015	72 866	1 550 520
Futures and forward contract for purchase of electricity	2016	-17 598	149 328
Futures and forward contract for purchase of electricity	2016	9 997	87 840
Total		-305 961	

The fair value of TCZK -232 241 (1 January 2013 – TCZK -79 811) was settled using the daily settlement of contract value changes on the commodities exchange as at 31 December 2013. The outstanding fair value amounted to TCZK -73 719 (1 January 2013 – TCZK 52 180), of which TCZK -12 421 (1 January 2013 – TCZK 0) is recognised in other long-term liabilities, TCZK -61 801 (1 January 2013 – TCZK -449) is recognised in other short-term liabilities, and TCZK 503 (1 January 2013 – TCZK 52 629) is recognised in other short-term receivables.

Selected contracts traded on the PXE are accounted for as hedging derivatives. The fair value of hedging derivatives recognised in equity was TCZK -179 434 (1 January 2013 – TCZK 0).

14) Adjustments

	Other receivables	Long-term advances paid	Adjustment to receivables	Total
Balance at 1/1/2013	17 241	5 717	40 580	63 538
Additions	1 567	251	173 477	175 295
Release/utilisation	--	--	-38 952	-38 952
Balance at 31/12/2013	18 808	5 968	175 105	199 881

Establishment of adjustments to receivables primarily relates to a receivable due from an important customer resulting from a failure to meet the agreed-upon instalment plan.

15) Registered capital

Registered capital of TCZK 15 000 (1 January 2013 – TCZK 15 000) consists of fifteen registered shares with nominal value of TCZK 1 000.

16) Equity

a) Movements in the individual components of equity

	Registered capital	Loss for the current period	Reval. of assets and liabilities	Retained earnings	Statutory reserve fund	Total
Balance at 1/1/2013	15 000	--	--	619 513	3 116	637 629
Release of merger adjustment	--	--	--	30 387	--	30 387
Revaluation of hedging derivatives	--	--	-28 210	--	--	-28 210
Loss for 2013	--	-208 545	--	--	--	-208 545
Balance at 31/12/2013	15 000	-208 545	-28 210	649 900	3 116	431 261

Release of merger adjustment is the release of a portion of positive fair value of the commodity derivatives eliminated within the merger of První energetická a.s. and EP ENERGY TRADING, a.s. through the relevant expense and revenue accounts, including the impact on deferred tax.

b) Movements in the “Revaluation of assets and liabilities” account:

Balance at 1/1/2013	--
Change in fair value of currency derivatives	144 609
Change in deferred tax relating to the currency derivatives	-27 476
Change in fair value of commodity derivatives	-179 434
Change in deferred tax relating to the commodity derivatives	34 091
Balance at 31/12/2013	-28 210

c) “Revaluation of assets and liabilities” comprises:

Fair value of currency derivatives	144 609
Deferred tax related to currency derivatives	-27 476
Fair value of commodity derivatives	-179 434
Deferred tax related to commodity derivatives	34 091
Balance at 31/12/2013	-28 210

17) Provisions

	Provision for untaken holiday	Total
Balance at 1/1/2013	185	185
Additions	346	346
Release/Utilization	-185	-185
Balance at 31/12/2013	346	346

18) Advances received

a) Short-term advances received consist of advances of TCZK 431 366 (1 January 2013 – TCZK 455 088) received from end users in connection with the sale of electricity and natural gas.

b) Long-term advances received consists of a deposit on electricity trading from CENTROPOL ENERGY, a.s. of TCZK 132 186 (1 January 2013 – TCZK 68 384).

19) Social security and health insurance liabilities

Social security and health insurance liabilities total TCZK 2 363 (1 January 2013 – TCZK 2 696), of which TCZK 1 388 (1 January 2013 – TCZK 1 711) relates to social security liabilities and TCZK 975 (1 January 2013 – TCZK 985) relates to health insurance liabilities. None of these liabilities are overdue.

20) Tax liabilities and subsidies

Tax liabilities amount to TCZK 9 044 (1 January 2013 – TCZK 8 085), of which TCZK 1 441 (1 January 2013 – TCZK 1 498) is personal income tax of employees, TCZK 7 603 are taxes related to electricity and gas (1 January 2013 – TCZK 6 366 - the remaining balance comprised other direct taxes and fees). None of these liabilities are overdue.

21) Estimated payables

Estimated payables primarily comprise estimated items relating to the uninvoiced distributed electricity and gas totalling TCZK 229 924 (1 January 2013 – TCZK 113 485).

22) Bank loans

As at 31 December 2013, the Company did not draw any bank loan (1 January 2013 – an overdraft facility of TCZK 48 557).

23) Accrued expenses

Accrued expenses amount to TCZK 297 054 (1 January 2013 – TCZK 88 993) and consist mainly of accruals relating to distribution of natural gas.

24) Segment information

The Company supplies end users with two types of commodities – electricity and natural gas – as well as with related services. Sales of these commodities and services in 2013 were as follows:

	Year	Domestic sales	Export		Total
			European Union	Other countries	
Electricity	2013	10 871 476	6 149 236	92 712	17 113 424
Natural gas	2013	4 992 683	17 680	3 288	5 013 651
Services	2013	8 034	73 497	--	81 531
Total	2013	15 872 193	6 240 413	96 000	22 208 606

25) Revenues and expenses from revaluation of securities and derivatives

Revenues and expenses from revaluation of securities and derivatives represent realised and unrealised gains and losses from currency and commodity derivatives held for trading.

26) Other financial revenues and expenses

Other financial revenues and expenses primarily comprise foreign exchange gains and losses.

27) Related parties

a) Trade receivables and payables

The following related party balances are included in the trade receivables and payables described in note 8 above:

	Receivables at		Payables at	
	31/12/2013	1/1/2013	31/12/2013	1/1/2013
Pražská teplárenská a.s.	11 411	12 945	1 175	451
Plzeňská energetika a.s.	2 697	3 188	27 958	33 475
VTE Pchery, s.r.o.	10	33	325	650
United Energy, a.s.	19 035	26 358	148 383	278 559
POWERSUN a.s.	47	37	76	78
ENERGZET, a.s.	--	163	112	--
Energetický a průmyslový holding, a.s.	28	--	1 238	4 837
Alternative Energy, s.r.o.	302	--	--	--
EP Energy, a.s.	--	--	2 489	1 060
Elektrárny Opatovice, a.s.	19 629	104 709	125 739	234 573

Slovenský plynárenský priemysel, a.s.	2	--	18	--
Stredoslovenská energetika a.s.	17 697	--	17 878	--
SLOVENSKÉ ENERGETICKÉ STROJÁRNE a.s.	18 172	17 815	--	--
Best Hotel Properties a.s.	1 094	1 124	--	--
SOR Libchavy spol. s r.o.	3 131	1 059	--	--
Danube Facility Services, s.r.o. (formerly J&T FACILITY MANAGEMENT, s.r.o.)	14 578	7 407	--	87
DIAMOND HOTELS SLOVAKIA, s.r.o.	986	898	--	--
SERW, spol. s r.o.	244	91	--	--
Elektrizace železnic Praha a. s.	--	27	229	--
BHP Tatry, s. r. o.	705	685	--	--
MSEM, a.s.	--	--	101	22
J&T SERVICES ČR, a.s. (formerly J&T Management, a.s.)	--	139	422	34
Other companies from the group	7 348	3 967	648	55
Total	117 116	180 645	326 791	553 881

b) Loans provided

As at 31 December 2013, the Company did not provide any loans (1 January 2013 – TCZK 4 801).

c) Loans received

The Company received long-term loans from EP Energy, a.s. The loans are due in 2019 and 2020. The total value of these loans including interest is TCZK 607 780 (1 January 2013 – TCZK 372 352) as at 31 December 2013.

The Company received short-term loans from EP Energy, a.s. The loans are due in 2014. The total value of these loans including interest is TCZK 440 469 (1 January 2013 – TCZK 188 468) as at 31 December 2013.

d) Transactions with related parties

	Sales for 2013	Purchases for 2013
EP Investment Advisors, s.r.o.	100	--
AISE, s.r.o.	107	140
Pražská teplárenská a.s.	28 174	22 531
Plzeňská energetika a.s.	3 489	225 697
VTE Pchery, s.r.o.	366	4 117
United Energy, a.s.	223 165	1 206 153
POWERSUN a.s.	207	3 435
Triskata, s.r.o.	91	--
ENERGZET, a.s.	4 768	--
Energetický a průmyslový holding, a.s.	--	2 796
Alternative Energy, s.r.o.	402	--
EP Energy, a.s.	--	48 925
ARISUN, s.r.o.	91	--
Elektrárny Opatovice, a.s.	505 986	1 116 855
Slovenský plynárenský priemysel, a.s.	2 746	--
Stredoslovenská energetika a.s.	29 000	42 058
SLOVENSKÉ ENERGETICKÉ STROJÁRNE a.s.	11 614	--
SOR Libchavy spol. s r.o.	13 326	--
Other companies from the group	54 115	11 479
Total	877 747	2 684 186

All material transactions with related parties were carried out based on the arm's length principle.

e) Remuneration and loans provided to directors and supervisory board members:

	Board of directors	Supervisory board
	31.12.2013	31.12.2013
Number of members	3	3
Fees paid	1 620	--

g) Group relations

The Company has not concluded a controlling agreement with its sole shareholder, EP Energy, a.s. A report on relations between related parties will form part of the annual report.

28) Employees and executives

Average number of employees and executives and personnel expenses for 2013:

2013	Number	Wages and salaries	Social security and health insurance expenses	Social expenses
Employees	55	32 530	11 086	723
Executives	3	6 245	1 494	29
Total	58	38 775	12 580	752

29) Fees payable to statutory auditors

This information is disclosed in the notes to the consolidated financial statements of EP Energy, a.s., which include the Company.

30) Income tax

a) Current tax

Current income tax comprises the tax estimate for 2013 of TCZK 0, and an adjustment to the tax estimate for 2012 of TCZK 3 124. The estimated tax loss for 2013 totals TCZK 8 418.

b) Deferred tax assets and liabilities

	Assets		Liabilities		Net	
	31/12/2013	1/1/2013	31/12/2013	1/1/2013	31/12/2013	1/1/2013
Tangible and intangible fixed assets	378	135	--	--	378	135
Commodity derivatives	34 091	--	--	--	34 091	--
Release of the elimination of the differently recognized commodity derivatives from the merger	9 729	16 857	--	--	9 729	16 857
Hedging FX derivatives	--	--	-27 476	--	-27 476	--
Adjustments to receivables	2 670	996	--	--	2 670	996
Tax loss	--	11 550	--	--	--	11 550
Deferred tax asset/(liability)	46 868	29 538	-27 476	--	19 392	29 538

In accordance with the accounting policy described in note 2 (g), a tax rate of 19% was used to calculate deferred tax (1 January 2013 – 19%).

In accordance with the accounting policy described in note 2 (g), the Company did not account for a deferred tax asset following from tax losses of TCZK 20 572 and from adjustments to receivables of TCZK 26 054.

31) Contingencies and commitments

The Company has concluded the following bank guarantees in favor of its suppliers as at 31 December 2013:

Bank	Currency	Amount in TEUR	Amount in TCZK
COMMERZBANK Aktiengesellschaft	CZK	--	124 000
Citibank Europe plc, branch	CZK	--	40 000
The Royal Bank of Scotland plc, branch	EUR	300	--
Energetický a průmyslový holding, a.s.	EUR	5 000	--
EP Energy, a.s.	EUR	28 000	--

The loan received on group level from UniCredit Bank Czech Republic and Slovakia, a.s. is secured by unpaid trade receivables and bank accounts provided as a pledge. As at 31 December 2013, the book value of the pledged receivables was TCZK 2 196 766 and the book value of the pledged bank accounts was TCZK 545 943.

32) Material subsequent event

The Company's management is not aware of any events that have occurred since the balance sheet date that would have any material impact on the financial statements as at 31 December 2013.

Prague, 19 May 2014



Ing. Petr Švec, MBA
Member of the Board of Directors



Ing. Ladislav Sladký
Member of the Board of Directors

7. AUDITOR'S REPORT





KPMG Česká republika Audit, s.r.o.
Pobřežní 648/1a
186 00 Praha 8
Česká republika

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Internet www.kpmg.cz

This document is an English translation of the Czech auditor's report.
Only the Czech version of the report is legally binding.

Independent Auditor's Report to the Shareholder of EP ENERGY TRADING, a.s.

Financial Statements

On the basis of our audit, on 19 May 2014 we issued an auditor's report on the Company's statutory financial statements, which are included in this annual report, and our report was as follows:

"We have audited the accompanying financial statements of EP ENERGY TRADING, a.s., which comprise the balance sheet as of 31 December 2013, and the income statement for the year then ended, and the notes to these financial statements including a summary of significant accounting policies and other explanatory notes. Information about EP ENERGY TRADING, a.s. is set out in Note 1 to these financial statements.

Statutory Body's Responsibility for the Financial Statements

The statutory body of EP ENERGY TRADING, a.s. is responsible for the preparation of financial statements that give a true and fair view in accordance with Czech accounting legislation and for such internal controls as the statutory body determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Act on Auditors and International Standards on Auditing and the relevant guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG Česká republika Audit, s.r.o., a Czech limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Obchodní rejstřík vedený
Městským soudem v Praze
oddíl C, vložka 24185.

IČ 49619187
DIČ CZ099001996



Opinion

In our opinion, the financial statements give a true and fair view of the financial position of EP ENERGY TRADING, a.s. as of 31 December 2013, and of its financial performance for the year then ended in accordance with Czech accounting legislation.”

Report on Relations

We have reviewed the factual accuracy of the information disclosed in the report on relations between the controlling entity and the controlled entity and between the controlled entity and entities controlled by the same controlling entity of EP ENERGY TRADING, a.s. for the year ended 31 December 2013 prepared in accordance with the applicable provisions of Act No. 513/1991 Coll., the Commercial Code. The responsibility for the preparation and factual accuracy of this report rests with the Company’s statutory body. Our responsibility is to express our view on the report on relations based on our review.

We conducted our review in accordance with Auditing Standard No. 56 of the Chamber of Auditors of the Czech Republic. This standard requires that we plan and perform the review to obtain limited assurance as to whether the report on relations is free of material misstatement. A review is limited primarily to inquiries of the Company’s personnel and analytical procedures and examination, on a test basis, of the factual accuracy of information, and thus provides less assurance than an audit. We have not performed an audit of the report on relations and, accordingly, we do not express an audit opinion.


Based on our review, nothing has come to our attention that would lead us to believe that the report on relations between the controlling entity and the controlled entity and between the controlled entity and entities controlled by the same controlling entity of EP ENERGY TRADING, a.s. for the year ended 31 December 2013 contains material factual misstatements.


Annual Report

We have audited the consistency of the annual report with the audited financial statements. This annual report is the responsibility of the Company’s statutory body. Our responsibility is to express our opinion on the consistency of the annual report with the audited financial statements based on our audit.

We conducted our audit in accordance with the Act on Auditors and International Standards on Auditing and the relevant guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we plan and perform the audit to obtain reasonable assurance that the information disclosed in the annual report describing matters that are also presented in the financial statements is, in all material respects, consistent with the audited financial statements. We believe that the audit we have conducted provides a reasonable basis for our audit opinion. In our opinion, the information disclosed in the annual report is, in all material respects, consistent with the audited financial statements.

Prague
12 September 2014


KPMG Česká republika Audit, s.r.o.
Licence number 71


Petr Škoda
Partner
Licence number 1842



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